

## FINANCIAL MANAGEMENT ADVISORY COMMITTEE MINUTES

July 11, 2007

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The Financial Management Advisory Committee met on July 11, 2007. The following were in attendance:

<u>NAME</u>	<u>DEPARTMENT/DIVISION</u>
Stacey Jacobs	STC
Kathy Wehmeyer	DOLIR
Carol Newgaard	SAO
Andrea Beck	DESE
Robin Burkhart	DESE
Dave Witte	FMDC
Shirley Gerling	DIFP- INS
Rebecca Imhoff	DOR
Nicole Hackmann	STO
Sherry Hess	DIFP-PR
Gary Irwin	MOSERS
Lisa Stuecken	DNR
Sherry Reeves	DHE
Jim Miluski	OA/PMM
Rachel Anderson	OA/ITSD
Dan Redel	PSC
Rob Verslues	PR
Sarah Clardy	DESE-VR
Kathleen Lear	Public Defender
Roger Luebbert	Conservation
Jayne Masek	DOC
Diane Riddle	MGC
Marty Drewel	OA
Cindy Luebbering	DNR
Mike Clark	DMH
Mickey Wilson	LR
Brian Dowden	OSCA
Mike Hancock	OSCA
Julie Miller	MVC
Karen Wood	Agriculture
Carol Willhite	DPS
David Scott	DPS
Judy Gehrke	DED
Renee Godsey	DHSS

### **Presentation:**

Marty Drewel, Deputy Director for the Office of Administration, Division of Budget and Planning (OA-B&P), provided a revenue and budget update. A pie chart was distributed

showing the FY 2007 net general revenue collections by category (attached). FY 2007 had a 5.2% growth in net general revenue collections. The consensus revenue estimate was for a 4.0% growth. This resulted in an additional \$89 million in revenues. Marty stated that collections have shifted among the categories over the last 20 years. In FY 2007, individual income tax made up 64% of the net general revenue collections and sales tax made up 25% of the net general revenue collections. In FY 1997, individual income tax collections were 54% and sales tax collections were 28%. In FY 1987, individual income tax collections were 46% and the sales tax collections were 34%. The State is now more heavily dependent on individual income tax collections. These collections are easier to predict except for estimating the impact of tax credits. Marty also provided a bar chart showing the historical growth in net general revenue collections (attached). He stated the average revenue growth over the last 20 years was 5%.

Marty explained the recently reported \$320 million budget surplus is comprised of the following: the \$200 million set aside in the FY 2008 budget, \$90 million in excess revenue collections for FY 2007, and an estimated \$30 million lapse of FY 2007 appropriations.

The State ended FY 2007 with \$822 million in cash. This cash balance will result in less of a need to borrow from the Budget Reserve Fund and higher interest earnings.

The FY 2008 consensus revenue estimate is 3.8%. Due to the better revenue growth in FY 2007, only 2.6% revenue growth is needed to reach the dollar amount the FY 2008 budget was based upon. The consensus revenue estimate will be revised in December to incorporate legislation that passed in the recent session. Marty provided a summary of the FY 2008 appropriations (attached). For FY 2008, the Governor's Reserve and allotments were setup similar to previous years. The State is currently \$1.4 billion under the Hancock limit and the 18E limit is at \$82 million.

The FY 2009 budget instructions will be sent out soon. The budget forms will stay the same. Pay plan instructions will most likely be sent out at a later date. If agencies have replacement vehicle decision item requests from general revenue, they need to work with OA-General Services to request the funding since a central appropriation has been established. If the vehicle requests are from non-general revenue sources, agencies are to use the normal process. Marty stated OA-B&P is working with OA-ITSD on information technology decision items. The process last fiscal year of these decision items being in OA-ITSD's budget did not work well. They are looking at changing the process for these requests. Marty stated they are under a mandate to not exceed 60,000 FTE. Fiscal notes from the recent legislative session included 210 new FTE and the opening of a new prison (300-400 FTE) will require agencies to identify where FTE cuts can occur. Agencies should start planning now on where FTE cuts can occur.

Mickey Wilson, Director of the Joint Committee on Legislative Research-Oversight Division presented a legislative update. He stated this legislative session should have been a down year in the number of pieces of legislation introduced but ended up being the highest year they have ever had. It was also the longest session possible under the constitution. In 2007, there were 2,049 bills and joint resolutions while in 2006 there were 1,912 pieces of legislation.

Mickey stated they are looking at the issue of similar bills in both chambers that the legislature spends a lot of time on. They are reviewing the possibility of a joint-bill process where if the exact same piece of legislation passed in each chamber then the bill would go directly to the Governor instead of having to go to the other chamber to be passed.

Mickey stated there would not be any fiscal note training for agencies this year. He stated he is working with MU on a system to assist in estimating the indirect economic benefit of a piece of legislation. This estimate will be added to the fiscal note. Guidelines will need to be developed to determine the dollar amount that will be sent to MU for this analysis.

Mickey emphasized if an agency is conveying excess land the agency needs to make certain the state owns the land.

Mickey reminded agencies that the bonded indebtedness report is due to his office by September 1, 2007.

Mickey stated his office is working on the following special projects: 2<sup>nd</sup> Injury Fund review; distribution of state funds across the University of Missouri campuses; and the benefits of Super TIFs.

### **Status Reports**

Office of Administration, Division of Purchasing and Materials Management (DPMM) - Jim Miluski stated his office is developing on-line training for the delegation of authority. Once the training is implemented, he stated employees who will be performing procurements under the delegation of the authority must complete the training and pass the test before they can begin procuring goods and services.

Jim stated his office is also developing an on-line survey to receive comments regarding state contracts. He noted it is important for the end users of the contracts to complete the survey so DPMM receives good feedback on the survey.

Jim stated that Office Depot is offering the US Commodities prices for purchases made with the P-Card.

Office of Administration, Division of Accounting – Tom Sadowski stated they are getting ready to file the revised travel regulations with the Secretary of State's Office. His office is still working on developing the procedures. He stated the per diem was not mandatory and that agencies could determine if the per diem was used or not. He stated the intent of the revised policy was to remove the procedures from the rule. This will provide more flexibility to make changes in the future. He stated in the new policy any exceptions to the policies and procedures are to be addressed to the Director of Accounting and the Director would make recommendations to the Commissioner.

Tom stated the rules pertaining to other payments also need the same type of revisions.

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Tom stated vendors must be setup to be paid electronically. His office will be monitoring agencies writing checks instead of paying vendors electronically.

### **Other Items**

The committee likes the every other month meeting schedule. This schedule will continue.

The committee discussed the possibility of establishing a subcommittee to address recruitment of eligible candidates for accounting and budgeting positions. The consensus of the committee was this was a Human Resources issue. This issue will be referred to the Office of Administration, Division of Personnel.

The next meeting is scheduled for Wednesday, September 5, at 8:30 in Room 500 of the HSTOB.